

CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER

2 October 1981

MEMORANDUM

NIGER: DIFFICULT CROSSROADS [] 25X1

Summary

Predominantly Muslim Niger is one of the largest of West Africa's French-speaking states. As a poor land-locked Sahelian country, Niger is vulnerable to a variety of external cross pressures--especially from neighboring Libya which has territorial ambitions against it. Niger is the fifth-ranking producer of uranium in the non-Communist world. The country's security will continue to depend on the ability of its leaders to balance relations with Libya, its black African neighbors, and France. [] 25X1

Social and Political Challenges

In the seven years since the military took power, Niger has been run by an 11-man Supreme Military Council, chaired by pro-Western President Seyni Kountche and dominated by fellow officers of the small Djerma tribe located in the country's south. Kountche, an honest and hard working pragmatist, is genuinely concerned with his country's welfare and is fairly popular. [] 25X1

The Kountche regime is preoccupied with the problems of national unity and economic development. The country's social diversity, size, and lack of resources other than uranium pose a continuing challenge to the government. Most of Niger's 5 million people are concentrated largely in the

This memorandum was written by [] of the West and East Africa Division, Office of African and Latin American Affairs. [] of the Military Economic Division of the same Office, provided a contribution. The memorandum was requested by the Office of the Vice President and has been coordinated with the Directorate of Operations, the Office of Global Issues, and the National Intelligence Officer for Africa. Questions and comments should be referred to the Chief, West and East Africa Division, [] 25X1 25X1

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southern agricultural region. One of Kountche's concerns is that the largest southern tribe--the Hausa who comprise about half the population--could be a destabilizing force if they become seriously disenchanted. The Hausa have little influence in the government, although they dominate the country's agricultural and commercial sectors. [REDACTED]

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An even greater worry for Kountche is the nomadic Tuareg and Toubou peoples of the northern desert region, who spill over into Libya. These groups have been only marginally integrated into Niger's political and economic life, and the Qadhafi regime is attempting to exploit their unhappiness. [REDACTED]

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Economic Challenges

Uranium has been the key to Nigerien economic development in recent years. Since 1976, Niger has substantially improved its lot, averaging a 6 percent growth rate annually, spawned by the uranium market boom of the late 1970s. Niger has also maintained a high per capita GDP by African standards--\$491 in 1980--although most of the wealth is concentrated in the hands of a few Nigeriens engaged in uranium production. [REDACTED]

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Uranium was discovered in northwest Niger in the early 1960s. Mining began in 1968 under the auspices of a consortium of public and private investors from France, West Germany, Italy, and Niger. In 1978, a second mining company was formed by investors from France, Japan, Spain, and Niger. Buoyed by high world demand, Niger's production of uranium more than doubled from 1977 to 1979. Output in 1979 reached 3,330 metric tons and earned nearly \$350 million in foreign exchange. Output for 1980 totalled 4,100 metric tons; 4,300 metric tons is projected for 1981. [REDACTED]

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Niger ranks fifth among non-Communist countries in the production of uranium, and by 1990 could be responsible for 10 percent of world production. Because 80 percent of Niger's foreign exchange earnings come from uranium sales, the recent sharp decline in the world price of uranium has pushed the Nigerien economy into a steep decline, reducing growth to near zero and plunging Niger's balance of payments into deficit. Until the world uranium market recovers, Niger will be forced to rely on increased foreign assistance to meet its payments obligations and may turn to the IMF for a bail-out. [REDACTED]

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Largely because of two good years of rainfall, agriculture represents the only bright spot in an otherwise gloomy economic picture. Even in good years, however, Niger faces difficulties in maintaining an adequate food supply. The Sahelian drought of the early 1970s nearly crippled the economy. The livestock sector--which is Niger's second most important hard currency earner--was hardest hit and is only now returning to pre-1970 levels. A continued slump in the uranium market, however, could spell trouble for the agricultural sector as well because government funding to help rebuild herds will have to be cut as revenues from the sale of uranium fall. [REDACTED]

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Foreign Challenges

Kountche's foreign policy is heavily influenced by the need to get along with Libya, Nigeria, and France. Libya may have been involved in an abortive coup attempt in 1975 by disgruntled Hausa tribesmen. Kountche believes that Qadhafi has designs on Niger's uranium mines and seeks to incorporate Niger, along with Chad and Mali, into a Libyan-dominated Saharan state. Libya has provided nomadic tribesmen in northern Niger with modern small arms and Libyan identity cards, making it difficult for the thinly spread government forces to control them. Radio Tripoli has also begun broadcasts urging Niger's nomadic peoples to rebel. [REDACTED]

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Kountche, already alarmed by Libya's intervention in Chad, has become even more acutely concerned about internal security. As a result of coup rumors and the recent defection to Tripoli of several Tuareg government officials, he ordered a cabinet shake-up last month to remove potential dissidents and to tighten his hold. Even so, Kountche is trying to remain on good terms with Libya. His government continues to sell some of its uranium to Libya. [REDACTED]

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Niger regards Nigeria with respect, suspicion, and jealousy, but strives to stay on good terms. Nigeria disrupts Niger's economy by drawing food and other local items--often through smuggling--out of its controlled markets. [REDACTED]

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Kountche depends on France for political, economic, and military support to check Libyan and Nigerian influence in Niger. French financial and technical aid has been substantial since independence in 1960. France meets 30 percent of its uranium requirements by purchasing over 75

percent of Niger's ore production. France and Niger have no formal mutual defense agreement, but French military advisers continue to train the Nigerien armed forces, and the Mitterrand government probably would assist the former French colony against external aggression. [redacted]

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Relations with the USSR and China

Niger's relations with the USSR, long marked by caution and restraint, have deteriorated during the past two years, largely because of the Soviet invasion of Afghanistan. Close Soviet ties to Libya also have fueled Nigerien misgivings. There are few Nigerien commercial ties with the Soviets, and Kountche has rebuffed Soviet offers of military aid. [redacted]

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The Nigeriens enjoy good relations with China, which in 1974 granted a \$51 million line of credit for economic development. The Chinese are active in medical and agricultural assistance, but they have no commercial or military ties. [redacted]

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Relations with the United States

Niger's relations with the US are friendly but are over-shadowed by Niamey's close ties with France. Niger has purchased several American C-130 transport aircraft and receives associated pilot and maintenance training under a modest US military aid program. Since the Sahelian drought of the 1970s, the US has committed substantial resources to a major regional development scheme involving Niger and other Sahelian countries. On a bilateral basis, the US ranks fifth among foreign aid donors to Niger. [redacted]

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American investment in Niger totals about \$28 million. Two American companies are engaged in uranium exploration in north central Niger. One, Conoco, is considering investing in the development of mines at Imouraren, reported to be the fifth largest uranium deposit in the Free World. Several other US companies have indicated interest in obtaining uranium exploration permits. Fluor Corporation and Davy-McKee have won contracts for mining feasibility studies. [redacted]

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SUBJECT: NICER: Difficult Crossroads [REDACTED]

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